

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE  
CITY OF TEMPLE CITY OVERSIGHT BOARD**

**CITY OF TEMPLE CITY  
COUNCIL CHAMBERS  
5938 KAUFFMAN AVENUE  
TEMPLE CITY, CALIFORNIA 91780**

**Monday, September 17, 2012**

**1:00 p.m.**

AUDIO LINK FOR THE ENTIRE MEETING (12-4375)

**Attachments:**    [Audio](#)

**I. CALL TO ORDER**

**Chair Jaynes called the meeting to order 1:01 p.m.**

**II. ROLL CALL**

**Present:**            **Chair David Jaynes, Vice Chair Steven Peacock  
Board Members Linda Payne, Scott Wiles, Jose Pulido, and  
Brian Haworth**

**Absent:**            **Board Member Jerrod R. DeGonia**

**III. ADMINISTRATIVE MATTERS**

- 1.**    Recommendation: Approve the minutes for August 6, 2012. (12-4300)

**On motion of Board Member Peacock, seconded by Board Member Payne,  
duly carried by the following vote, the Oversight Board approved the  
August 6, 2012 Minutes:**

**Ayes:**    6 -    Board Members Payne, Wiles, Pulido, Haworth, Vice  
Chair Peacock and Chair Jaynes

**Absent:**    1 -    Board Member DeGonia

**Attachments:**    [Minutes for August 6, 2012](#)

#### IV. NEW BUSINESS

2. Discussion of the Housing Funds Due Diligence Review report as prepared by the independent Auditor. (12-4301)

**Tracy Hause, Administrative Services Director, presented the Due Diligence Review report for the Housing Assets which is required to be submitted to the Department of Finance by October 1, 2012, noting that the pro-activeness of the Successor Agency staff, City Council, and the Oversight Board, allowed the auditor to come in last week to complete the report. Ms. Hause explained the Due Diligence Review Report requirement to hold two public sessions to review and approve the report: The first session which is held today, is open for public comment, the second session which is scheduled for Wednesday, September 26, 2012 at 1:00 p.m. the Oversight Board takes action. Ms. Hause further reported the following:**

- a. The unspent Bond proceeds from 2005 Refunding Bond, is required to be spent on Low & Moderate Income Projects, and any unspent Bond proceeds are to be paid back to the State.**
- b. The 20% Set-Aside Loan for Low and Moderate Housing, acquired from the Redevelopment Agency due to lack of funds, with no assets in the Successor Agency either, may have to dissolve the loan.**
- c. The remaining cash asset of \$162,000 has no obligations nor current contract assigned to the funds, and Successor Agency staff has no plans to retain them, therefore, may eventually go back to the State.**

**In response to Vice Chair Peacock's request for clarification on the 20% Low and Moderate Set-Aside Loan, Ms. Hause gave a brief history of the loan. She explained that the loan had nothing to do with Bond Proceeds, adding the Redevelopment Agency owed money to the Low and Moderate Income Fund, so a loan schedule was set up which the Agency had been paying, but since the dissolution of the Redevelopment Agency, the Agency does not have the resources to finish paying the loan.**

**In response to Board Member Payne's inquiries, Ms. Hause stated the loan was over 10 to 12 years in length, but will forward to the Oversight Board the loan schedule to confirm and made reference to the outstanding balance within Exhibit B of report.**

**Greg Murphy, Successor Agency Legal Counsel, in response to Board Member Payne's inquiry of whether or not the Due Diligence Review report was just an opinion of the auditing company. Mr. Murphy stated that the Department of Finance gave certain guidelines to be used for the Due**

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Diligence Review report, and no auditing procedures were to be used, nor were they to conduct a full thorough audit. Mr. Murphy made reference to the cover letter of the report where the Independent firm stated "We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized..."

On motion of Board Member Wiles, seconded by Board Member Payne, unanimously carried, (Board Member DeGonia being absent), the Public Comment session was opened.

No interested persons addressed the Oversight Board.

By Common Consent, there being no objection (Board Member DeGonia being absent), took the following actions:

Received and Filed the Due Diligence Report Dated September 17, 2012;

Open the Statutory public comment and received no public input; and

Continued the Due Diligence Review in accordance with AB 1484 to Wednesday, September 26, 2012 meeting.

Attachments:    [Staff Report](#)  
                          [Due Diligence Review](#)

3. Recommendation: Adopt Resolution No. OB-5 Approving A Loan Agreement Between the City of Temple City and the Successor Agency to the Former Temple City Community Redevelopment Agency to be used to pay the Licensed Accountant. (12-4302)

Chair Jayne inquired about the stated interest rate on the loan agreement. Ms. Hause suggested to use the current interest rate the City uses, which is at .36%. Teresa Highsmith, Oversight Board Legal Counsel, informed the Oversight Board that the rate is what AB 1484 allows for loans between the Successor Agency and the City.

Ms. Highsmith continued addressing the Oversight Board's concern with the Successor Agency taking money from the City and saying it can be paid back, by explaining that under AB 1484 the statute allows the amending of ROPS 3 by placing the loan on as separate enforceable obligation line item, and AB 1484 allows the Successor Agency to enter into new enforceable obligations when needed to "wind down" a Redevelopment Agency. She further informed the Oversight Board, they will never be liable for payment, and ultimately every action taken by the

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**Oversight Board will be reviewed, amended or set-aside by the Department of Finance.**

**Ms. Hause added that the \$25,000 is enough to cover the ROPS for the rest of the year, and it would be included on the 2nd Due Diligence Review of the Successor Agency, but if the funds were not enough, the Successor Agency will certainly come back for an amendment.**

**Gregg Murphy, Successor Agency Counsel, informed the Oversight Board, that a repayment schedule was not included because the Successor Agency felt that it was more appropriate for the Oversight Board to look at the finances on a ROPS period by ROPS period basis and then decide.**

**After further discussion, the Oversight Board decided to amend ROPS 3 by placing the full amount of the loan and on later ROPS, follow-up with a “true-up” of the actual amount. The Oversight Board also agreed to approve the loan agreement with the direction to the Successor Agency to bring back a repayment schedule at the time to when ROPS 3 will be amended.**

**On motion of Board Member Wiles, seconded by Board Member Haworth, duly carried by the following vote, the Oversight Board adopted a Resolution of the Oversight Board for the Successor Agency to the Temple City Community Redevelopment Agency, Approving a Loan Agreement Between the Successor Agency to the Temple City Community Redevelopment Agency and the City of Temple City to Fund the Costs of a Licensed Accountant to Perform the Housing Due Diligence Review; and directed the Successor Agency to bring back to the Oversight Board a repayment schedule when ROPS 3 will be amended:**

**Ayes:** 5 - Board Members Wiles, Pulido, Haworth, Vice Chair Peacock and Chair Jaynes

**Noes:** 1 - Board Member Payne

**Absent:** 1 - Board Member DeGonia

**Attachments:** [Staff Report](#)  
[Loan Agreement](#)  
[Resolution](#)

**V. MISCELLANEOUS**

4. Matters not on the posted agenda (to be presented and placed on the agenda of a future meeting). (12-4303)

**Vice Chair Peacock requested the status of the Department of Finance's response to identifying the \$1.8 million as an obligated amount. Ms. Hause, responded to Board Member Peacock and informed the Oversight Board that their most resent challenge with the Department of Finance was on the Bond Proceeds for Housing Assets, and the Successor Agency is currently requesting a "Meet and Confer" with the Department of Finance in order for those Bond Proceeds not to go back to the State. Ms. Hause further stated that all the funds are tied up with the Certificate of Completion, and the City cannot use those funds. Ms. Hause further indicated that the Successor Agency will apprise the Oversight Board with any information from the Department of Finance as they become available.**

5. Public Comment. (12-4304)

**There were none.**

6. Adjournment. (12-4305)

**The meeting was adjourned at 1:29 p.m. A special Meeting has been scheduled for Wednesday, September 26, 2012 at 1:00 p.m.**